

# House File 2434 - Introduced

HOUSE FILE 2434

BY GERHOLD, BRADLEY, and  
DUNWELL

## A BILL FOR

1 An Act relating to budget approval processes of political  
2 subdivisions and including applicability provisions.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 24.9, subsection 1, Code 2022, is amended  
2 to read as follows:

3 1. *a.* Each municipality shall file with the secretary or  
4 clerk thereof the estimates required to be made in sections  
5 24.3 to 24.8, at least twenty days before the date fixed by  
6 law for certifying the same to the levying board and shall  
7 forthwith fix a date for a hearing thereon, and shall publish  
8 such estimates and any annual levies previously authorized  
9 as provided in [section 76.2](#), with a notice of the time when  
10 and the place where such hearing shall be held not less than  
11 ten nor more than twenty days before the hearing. The notice  
12 shall also include the information required under paragraph  
13 "c", subparagraph (2), subparagraph divisions (a) through  
14 (d). Provided that in municipalities of less than two hundred  
15 population such estimates and the notice of hearing thereon  
16 shall be posted in three public places in the district in lieu  
17 of publication. For any other municipality such publication  
18 shall be in a newspaper published therein, if any, if not, then  
19 in a newspaper of general circulation therein.

20 *b.* The department of management shall prescribe the form for  
21 public hearing notices for use by municipalities and notices  
22 required under paragraph "c".

23 *c.* (1) For purposes of this paragraph:

24 (a) "Budget year" is the fiscal year beginning during the  
25 calendar year in which a budget is certified.

26 (b) "Current fiscal year" is the fiscal year ending during  
27 the calendar year in which a budget for the budget year is  
28 certified.

29 (c) "Effective property tax rate" means the property tax  
30 rate per one thousand dollars of assessed value and is equal to  
31 one thousand multiplied by the quotient of the current fiscal  
32 year's actual property tax dollars certified for levy divided  
33 by the total assessed value used to calculate taxes for the  
34 budget year.

35 (2) In addition to the notices published and posted under

1 paragraph "a", the municipality shall direct the county  
2 treasurer to send to each owner or taxpayer by regular mail,  
3 on or before the date of publication under paragraph "a", an  
4 individual notice containing all of the following:

5 (a) The sum of the current fiscal year's actual property  
6 taxes certified for levy by the municipality and the  
7 municipality's current fiscal year's combined property tax rate  
8 for such amount.

9 (b) The effective property tax rate calculated using the sum  
10 of the current fiscal year's actual property taxes certified by  
11 the municipality.

12 (c) The sum of the proposed property tax dollars to be  
13 certified for levy by the municipality for the budget year and  
14 the proposed combined property tax rate for such amount.

15 (d) If the proposed property tax dollars specified under  
16 subparagraph division (c) exceeds the current fiscal year's  
17 actual property tax dollars certified for levy specified in  
18 subparagraph division (a), a statement of the major reasons for  
19 the increase.

20 (e) The assessed value of the owner's or taxpayer's property  
21 used to calculate property taxes for the current fiscal year.

22 (f) The assessed value of the owner's or taxpayer's property  
23 used to calculate property taxes for the budget year.

24 (g) The amount of property taxes due on the owner's or  
25 taxpayer's property for the current fiscal year for the  
26 municipality and the current fiscal year's combined property  
27 tax rate for such amount.

28 (h) The estimated combined property tax rate required to  
29 raise the amount of property taxes under subparagraph division  
30 (g) using the assessed value of the property under subparagraph  
31 division (f).

32 (i) The proposed amount of property taxes to be levied  
33 against the owner's or taxpayer's property for the budget year  
34 for the municipality and the estimated combined property tax  
35 rate for the budget year for such amount.

1     Sec. 2. Section 331.433A, subsection 4, paragraph b, Code  
2 2022, is amended to read as follows:

3     b. Proof of publication shall be filed with and preserved  
4 by the auditor. The department of management shall prescribe  
5 the form for the public hearing notice for use by counties, the  
6 form for individual notices provided under paragraph "c", and  
7 the form for the resolution to be adopted by the board under  
8 subsection 5.

9     Sec. 3. Section 331.433A, subsection 4, Code 2022, is  
10 amended by adding the following new paragraph:

11     NEW PARAGRAPH. c. In addition to the notices published and  
12 posted under paragraph "a", the county shall direct the county  
13 treasurer to send to each owner or taxpayer by regular mail,  
14 on or before the date of publication under paragraph "a", an  
15 individual notice containing the information required under  
16 paragraph "a", subparagraphs (1) through (4), and all of the  
17 following:

18     (1) The assessed value of the owner's or taxpayer's property  
19 used to calculate property taxes for the current fiscal year.

20     (2) The assessed value of the owner's or taxpayer's property  
21 used to calculate property taxes for the budget year.

22     (3) The amount of property taxes due on the owner's or  
23 taxpayer's property for the current fiscal year for general  
24 county services and rural county services under the levies  
25 specified in subsection 2, paragraphs "a" and "b", and the  
26 current fiscal year's combined property tax rate for each such  
27 amount.

28     (4) The estimated combined property tax rate required to  
29 raise the amount of property taxes under subparagraph (3) using  
30 the assessed value of the property under subparagraph (2).

31     (5) The proposed amount of property taxes to be levied  
32 against the owner's or taxpayer's property for the budget year  
33 for general county services and rural county services under the  
34 levies specified in subsection 2, paragraphs "a" and "b", and  
35 the estimated combined property tax rate for the budget year

1 for each such amount.

2 Sec. 4. Section 384.15A, subsection 4, paragraph b, Code  
3 2022, is amended to read as follows:

4 b. Proof of publication shall be filed with and preserved  
5 by the county auditor. The department of management shall  
6 prescribe the form for the public hearing notice for use  
7 by cities, the form for individual notices provided under  
8 paragraph "c", and the form for the resolution to be adopted by  
9 the council under [subsection 5](#).

10 Sec. 5. Section 384.15A, subsection 4, Code 2022, is amended  
11 by adding the following new paragraph:

12 NEW PARAGRAPH. c. In addition to the notices published and  
13 posted under paragraph "a", the city shall direct the county  
14 treasurer to send to each owner or taxpayer by regular mail,  
15 on or before the date of publication under paragraph "a", an  
16 individual notice containing the information required under  
17 paragraph "a", subparagraphs (1) through (4), and all of the  
18 following:

19 (1) The assessed value of the owner's or taxpayer's property  
20 used to calculate property taxes for the current fiscal year.

21 (2) The assessed value of the owner's or taxpayer's property  
22 used to calculate property taxes for the budget year.

23 (3) The amount of property taxes due on the owner's or  
24 taxpayer's property for the current fiscal year for the city  
25 under the levies specified in subsection 2 and the current  
26 fiscal year's combined property tax rate for such amount.

27 (4) The estimated combined property tax rate required to  
28 raise the amount of property taxes under subparagraph (3) using  
29 the assessed value of the property under subparagraph (2).

30 (5) The proposed amount of property taxes to be levied  
31 against the owner's or taxpayer's property for the budget year  
32 for the city under the levies specified in subsection 2 and the  
33 estimated combined property tax rate for the budget year for  
34 such amount.

35 Sec. 6. IMPLEMENTATION OF ACT. Section 25B.2, subsection

1 3, shall not apply to this Act.

2 Sec. 7. APPLICABILITY. This Act applies to county, city,  
3 and political subdivision budgets for fiscal years beginning on  
4 or after July 1, 2023.

5 EXPLANATION

6 The inclusion of this explanation does not constitute agreement with  
7 the explanation's substance by the members of the general assembly.

8 This bill relates to budget approval processes of political  
9 subdivisions.

10 Under Code sections 331.433A and 384.15A, each county and  
11 city is, prior to filing of the entity's proposed budget,  
12 required to adopt a resolution establishing, in the case of  
13 a county, the total maximum property tax dollars that may be  
14 certified for levy for general county services and the total  
15 maximum property tax dollars that may be certified for levy for  
16 rural county services; and in the case of a city, the total  
17 maximum property tax dollars that may be certified for the  
18 enumerated city government purposes and funds. The governing  
19 body must hold a public hearing on the resolution and notice  
20 of the public hearing is required to be published and posted  
21 on the entity's internet site and social media accounts, as  
22 applicable. Notice of the hearing is required to include  
23 specified property tax dollar amounts and levy rates, including  
24 the effective tax rate.

25 The bill provides that in addition to the published and  
26 posted notices under Code sections 331.433A and 384.15A,  
27 the city or county, as applicable, shall direct the county  
28 treasurer to send to each owner or taxpayer by regular mail,  
29 an individual notice containing the information required under  
30 the notice published and posted and all of the following: (1)  
31 the assessed value of the owner or taxpayer's property used  
32 to calculate property taxes for the current fiscal year; (2)  
33 the assessed value of the owner or taxpayer's property used to  
34 calculate property taxes for the budget year; (3) the amount  
35 of property taxes due on the owner or taxpayer's property for

1 the current fiscal year for the city or county and the current  
2 fiscal year's combined property tax rate for such amount; (4)  
3 the estimated combined property tax rate required to raise  
4 the amount of property taxes on the property for the current  
5 fiscal year using the assessed value of the property for the  
6 budget year; and (5) the proposed amount of property taxes to  
7 be levied against the owner or taxpayer's property for the  
8 budget year and the estimated combined property tax rate for  
9 the budget year for such amount.

10 The bill also amends Code section 24.9 relating to the filing  
11 of budget estimates as part of the budget approval process for  
12 municipalities, which includes public entities that have power  
13 to levy or certify a tax or sum of money to be collected by  
14 taxation, except a county, city, drainage district, township,  
15 or road district. The bill adds to the notice required to be  
16 published and posted regarding the public hearing under Code  
17 section 24.9 the information similarly required for cities and  
18 counties under current Code sections 331.433A and 384.15A. The  
19 bill also requires each municipality to send individual notices  
20 to each owner or taxpayer by regular mail that contain similar  
21 information to that required to be sent by counties and cities  
22 under the bill.

23 The bill may include a state mandate as defined in Code  
24 section 25B.3. The bill makes inapplicable Code section 25B.2,  
25 subsection 3, which would relieve a political subdivision from  
26 complying with a state mandate if funding for the cost of  
27 the state mandate is not provided or specified. Therefore,  
28 political subdivisions are required to comply with any state  
29 mandate included in the bill.

30 The bill applies to county, city, and political subdivision  
31 budgets for fiscal years beginning on or after July 1, 2023.